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**FISCAL IMPACT STATEMENT**

**LS 6953**

**BILL NUMBER:** HB 1288

**NOTE PREPARED:** Jan 8, 2004

**BILL AMENDED:**

**SUBJECT:** Tuition rates for state educational institutions.

**FIRST AUTHOR:** Rep. Goodin

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill limits the amount by which a state higher education institution may increase the tuition for an undergraduate student who is an Indiana resident for four academic years following the academic year in which the student first enrolls in the institution. It allows a state higher education institution to adopt a policy limiting tuition increases for nonresident undergraduate students.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** The bill states that beginning with the 2005-06 academic year, the tuition charged a returning undergraduate student who is a resident of Indiana may not be increased annually by more than the percentage increase in the Indiana nonfarm personal income for the preceding year. The bill could reduce future revenue options or funding sources universities currently have available since they could be limited in the tuition increase for students. The impact would depend on the action of the universities. The universities might offset the possible revenue reduction by reducing expenditures, raising or inflating fees of incoming students to offset anticipated expenditure increases, or increasing revenue from nontuition sources. Nontuition sources could include grants, student fees, or donations. This would not restrict universities from increasing tuition for returning nonresident students.

*Background Information:* For the 2003-04 academic year returning Indiana students had a 5% or less increase in tuition. The average increase in tuition for first-time entry Indiana students was 14%. The Indiana nonfarm personal income grew by about 3.36% for FY 2002 and 2.6% for FY 2003. It is projected to grow by about 4.2% for FY 2004 and 5.1% for FY 2005.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Universities.

**Local Agencies Affected:**

**Information Sources:** Postsecondary Education Tuition and Required Fees in Indiana:2003-04 by the Indiana Commission for Higher Education.

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